

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARTIN GAS, INC., TO)	
APPROVE SETTLEMENT AGREEMENT WITH COLUMBIA)		
GAS COMPANY PERTAINING TO MARTIN HOUSING)	CASE NO. 89-204
AUTHORITY PROJECT AND FOR AN ORDER)	
APPROVING THE INCURRENCE OF INDEBTEDNESS)	

O R D E R

By petition filed July 25, 1989 Martin Gas, Inc. ("Martin") requested approval of a settlement agreement between Martin and Columbia Gas of Kentucky, Inc. ("Columbia"). The settlement was entered into to resolve a third-party complaint in Civil Action No. 83-CI-392 filed by the stockholders of Martin against Columbia and Estill Branham, Receiver for Martin. The settlement agreement provides that Columbia shall sell and convey to Martin all facilities, rights-of-way, and easements used to provide gas service to the Martin Housing Authority and Martin agrees to pay Columbia \$30,000 in annual installments of \$5,000 each.

After a review of the settlement agreement and being otherwise sufficiently advised, the Commission is of the opinion and finds the terms of the settlement to be reasonable. The \$30,000 obligation to be incurred by Martin is for lawful objects within its corporate purposes and will not impair Martin's ability to properly perform its duties in providing gas service. The Commission further finds that since 60 or more customers will be transferred from Columbia to Martin and Martin's currently

effective rates are higher than those of Columbia, Martin should be required to notify the residents of the Martin Housing Authority of the increase in rates in accordance with 807 KAR 5:011, Section 8.

IT IS THEREFORE ORDERED that:

1. Martin shall, upon receipt of this Order, notify those residents of the Martin Housing Authority of the increase in rates and change of supplier in accordance with 807 KAR 5:011, Section 8. Martin shall further submit verification that notice has been given within 20 days of the date of this Order.

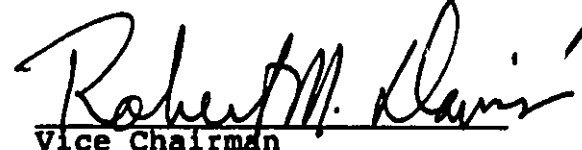
2. Martin's proposal to incur additional indebtedness in the amount of \$30,000 pursuant to the terms set forth in the settlement agreement is hereby approved.

3. Martin shall file monthly statements showing the proceeds collected from the customers of the Martin Housing Authority have been escrowed in accordance with the terms of the settlement agreement.

Done at Frankfort, Kentucky, this 29th day of September, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner